

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – Second Regular Session
COMMITTEE ON INSURANCE
Report of Regular Meeting
Wednesday, February 03, 2016
House Hearing Room 4 -- 10:00 A.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE

2-3-16

Convened 10:02 A.M.

Recessed

Reconvened

Adjourned 12:08 P.M.

Members Present

Mr. Coleman
Ms. Larkin
Mr. Lovas
Ms. McCune Davis
Ms. Otondo
Mr. Robson
Mr. Livingston, Vice-Chairman
Ms. Fann, Chairman

Members Absent

Agenda

Original Agenda – Attachment 1

Request to Speak

Report – Attachment 2

Presentations

<u>Name</u>	<u>Organization</u>	<u>Attachments (Handouts)</u>
Rex Altree	Arizona Auto Glass Association	3

Committee Action

<u>Bill</u>	<u>Action</u>	<u>Vote</u>	<u>Attachments</u> <u>(Summaries,</u> <u>Amendments, Roll Call,</u> <u>Attendance)</u>
HB2149	DPA	8-0-0-0	4, 5, 6
HB2240	DPA	8-0-0-0	7, 8, 9
HB2306	DPA	8-0-0-0	10, 11, 12
HB2342	DPA	8-0-0-0	13, 14, 15
HB2500	DP	8-0-0-0	16, 17
Committee			18
Attendance			



Adrian Luth, Chairman Assistant
February 03, 2016

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

CONV: 10:02 A.M.
AJJ: 12:08 P.M.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON INSURANCE

DATE Wednesday, February 3, 2016

ROOM HHR 4

TIME 10:00 A.M. NOTE TIME
CHANGE

Members:

Mr. Coleman
Mr. Larkin
Mr. Lovas

Ms. McCune Davis
Ms. Otondo
Mr. Robson

Mr. Livingston, Vice-Chairman
Ms. Fann, Chairman

Bills	Short Title	Strike Everything Title
HB2149	<u>DPA</u> domestic surplus lines insurance; fees (Fann) <u>8-0-0-0</u> INS, RULES	
HB2240	<u>DPA</u> workers' compensation; modifications (Fann) <u>8-0-0-0</u> INS, RULES	
HB2306	<u>DPA</u> healthcare providers; family members; coverage (Cobb) <u>8-0-0-0</u> INS, RULES	
HB2342	<u>DPA</u> insurance; licensed entities (Livingston; Fann) <u>8-0-0-0</u> INS, RULES	
HB2500	<u>DP</u> unlawful practices; auto glass repair (Livingston, Coleman, Leach, et al) <u>8-0-0-0</u> INS, RULES	

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

AL
1/28/16

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

Information Registered on the Request to Speak System

House Insurance (2/3/2016)

HB2149, domestic surplus lines insurance; fees

Testified in support:

David Childers, Ironshore Insurance Ltd., Surplus Lines Association Of Arizona

Testified as neutral:

Stephen Briggs, representing self

Support:

Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Lanny Hair, Big I

HB2240, workers' compensation; modifications

Testified in support:

Barry Aarons, AZ ASSN OF LAWYERS FOR INJURED WORKERS; Barry Aarons, AZ ASSN OF LAWYERS FOR INJURED WORKERS; Jeff Gray, AZ SELF-INSURERS ASSOC

Support:

Robert Medler, TUCSON METROPOLITAN CHAMBER OF COMMERCE; Ken Strobeck, LEAGUE OF ARIZONA CITIES & TOWNS; Kerry L. Hayden, FARMERS INSURANCE GROUP OF COMPANIES; Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Garrick Taylor, Arizona Chamber Of Commerce And Industry; J. Michael Low, Attorney, AIG; James Stabler, Copperpoint Insurance Companies; Jaime Molera, COPPERPOINT MUTUAL INSURANCE CO DBA SCF ARIZONA; Amanda Rusing, American Insurance Association; Marc Osborn, PROPERTY CASUALTY INSURERS ASSOC OF AMERICA; Eric Emmert, East Valley Chambers Of Commerce Alliance ; John Mangum, Arizona Food Marketing Alliance; Bob Charles, representing self; mark kendall, representing self

All Comments:

mark kendall, Self: Representing Copperpoint

HB2342, insurance; licensed entities

Testified in support:

Ellen Poole, Executive Director, SW Region Govt Relations, U.S.A.A.

Support:

Stephen Briggs, representing self

All Comments:

Ellen Poole, U.S.A.A.: Support with Livingston amendment

HB2500, unlawful practices; auto glass repair**Testified in support:**

Marc Osborn, PROPERTY CASUALTY INSURERS ASSOC OF AMERICA; Frank Thomas, representing self; Barbara Meaney, SAFELITE GROUP INC

Testified as neutral:

Charles Gregory, representing self

Testified as opposed:

Rex Altree, representing self; Barry Aarons, Safety Glass Association Of AZ, Inc.; Shannon King, representing self; blake trickey, representing self; Kerry Soat, representing self; Bob Hittenberger, representing self

Support:

Don Isaacson, STATE FARM INSURANCE COMPANIES; Kerry L. Hayden, FARMERS INSURANCE GROUP OF COMPANIES; Stuart Goodman, AAA Arizona, CSAA Insurance Group; Ellen Poole, Executive Director, SW Region Govt Relations, U.S.A.A.; J. Michael Low, Attorney, ALLSTATE INSURANCE CO, American Family Insurance; Jeff Sandquist, Big I; Lanny Hair, Big I; Amanda Rusing, American Insurance Association; scot zajic, representing self; Noel Young, ALLSTATE INSURANCE CO; Gregory Harris, Progressive Insurance

Neutral:

Stephen Briggs, representing self

Oppose:

James Hamilton, SAFETY GLASS ASSN OF AZ INC; Matt Uhler, representing self; Dave Greve, representing self; Pat Boris, representing self; Jeff Searles, representing self; Adam McGinn, representing self; Brenda Smith, representing self; Scott Taylor, representing self; Justin King, representing self

All Comments:

Rex Altree, Self: I am the President of the Arizona Auto Glass Association. We represent and have relationships with 300 + Auto Glass Companies and they employ over 1500 people. I want to share with the committee, that a large majority of the shops oppose HB 2500!!!; Dave Greve, Self: Prodigy Auto Glass; Pat Boris, Self: Anytime Auto Glass; Jeff Searles, Self: Auto Glass Shop; Adam McGinn, Self: Specialty Auto Glass; Brenda Smith, Self: A Touch of Glass; Ellen Poole, U.S.A.A.: x; Jeff Sandquist, Big I: Big I supports HB2500; Bob Hittenberger, Self: Best Glass, Inc.

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD



HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on INSURANCE Bill Number 2500
Date _____ ☐ Support ☒ Oppose ☐ Neutral
Name KERRY SOAT Need to Speak? ☒ Yes ☐ No
Representing FAS Break / AAGA Are you a registered lobbyist? no
Complete Address 25850 S. MONTANA AVE
E-mail Address soat@msn.com Phone Number 480-246-2182
Comments: _____

FIVE-MINUTE SPEAKING LIMIT



February 2, 2016

Arizona Auto Glass Association

Rex Altree, President

Insurance Committee Hearing House Bill 2500 / HB2500

February 3rd, 2016 / HHR 4 / 10am

WRITTEN DOCUMENT AND VEBAL TESIMONY

CC /e-mailed to all members of the Insurance Committee

Chairman Karen Fann , Members of the Committee.

My name is Rex Altree. I am the President of the Arizona Auto Glass Association (AAGA). I would like to read this letter into testimony.

From the point of view of the Arizona Auto Glass Association (AAGA) members, this bill appears to be an excessive over reach by the insurance companies, Safelite, and their associates and or agents. While I do not represent the non-member, independent auto glass service providers, they too would be negatively impacted by this legislation.

While others are expressing the need for this legislation, this letter wishes to express the challenges and inequities in HB 2500.

- The consumer protection issues are already addressed in ARS20-463.1.
- As an association, we recognize there are parties that operate in a fraudulent manner. However, this bill would punish the honest service providers while making no distinction between the two.
- In as much as we are required to accept the fixed pricing set by the insurance companies through Safelite and other, third party administrators, to do repairs or replacements of Auto Glass, this bill would limit or make it illegal to source our leads in what is a totally legal manner. The bill would tie our hands in how we spend our marketing dollars. This inducement or offer used by the industry comes from Insurance monies, paid per claim. We as individual companies have different overhead and marketing structures and thus offer different marketing strategies to acquire customers.

As an industry we too are also concerned about consumer fraud. However, those parties who perpetrate this fraud should be held accountable. Please do not destroy numerous Arizona businesses in the process, business who currently employ people, pay taxes and are supporting the economy of Arizona. Voting for House Bill 2500 would be morally unlawful.

It is my request that HB 2500 be cancelled or at least sent back for review to include additional discussions to bring this extremely lopsided verbiage to a reasonable footing for all concerned.

Rex P. Altree

President

Arizona Auto Glass Association

Mailing Address:
Arizona Auto Glass Association
8270 S Kyrene Rd, Suite 101
Tempe, Arizona 85284

"Serving All of Arizona's Auto Glass Companies"

ATTACHMENT

3



HOUSE OF REPRESENTATIVES

HB 2149

domestic surplus lines insurance; fees

Prime Sponsor: Representative Fann LD 1

X Committee on Insurance

Caucus and COW

House Engrossed

OVERVIEW

HB 2149 permits domestic insurers to be designated as a domestic surplus lines insurer for the purposes of writing surplus lines insurance.

PROVISIONS

1. Authorizes a domestic insurer who possesses policyholder surplus of at least \$15 million may be designated as a domestic surplus lines insurer.
 - a. Designation requires a resolution by its board of directors and written approval from the director of the Department of Insurance.
2. States a domestic surplus lines insurer is considered a qualified, unauthorized insurer for the purposes of writing surplus lines insurance coverage.
3. Specifies a domestic surplus lines insurer to only insure risks in this state that are procured from a surplus lines broker.
4. Subjects insurance written by a domestic surplus lines insurer to the premium tax on surplus lines, and provides an exemption from the premium tax as required under statute relating to the authorization of insurers and general requirements.
5. States a domestic surplus lines insurer is considered a non-admitted insurer.
6. Asserts surplus lines insurance issued by a domestic surplus lines insurer is not subject to the protection of Arizona Property and Casualty Insurance Guaranty Fund.
7. Exempts surplus lines insurance issued by a domestic surplus lines insurer from statutory requirements relating to the insurance rating and rating plans, policy forms and cancellation and nonrenewal in the same manner as a non-admitted insurer domiciled in another state.
8. Outlines the disclosure notice regarding insurance issued by a non-domestic surplus lines insurer and a domestic surplus lines insurer.
9. Allows insurance producers to charge a fee when referring an individual to a surplus lines broker.
10. Exempts surplus lines brokers transacting commercial insurance or surplus lines insurance from statutory requirements relating to prescribing fees or service charges in the transaction of insurance.
11. Excludes premiums for surplus lines insurance coverage issued by a domestic surplus lines insurer from *net direct written premiums*.

12. Defines *domestic surplus lines insurer*.

CURRENT LAW

An insurance coverage or type that is not readily procurable from authorized insurers is recognized as *surplus lines*. Surplus lines insurance maybe procured from an unauthorized insurer through a licensed surplus lines broker. Insurance obtained through a surplus lines broker is not protected under the Insurance Guaranty Fund.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2149

(Reference to printed bill)

- 1 Page 1, line 24, strike "ISSUE" insert "WRITE"
- 2 Page 2, line 13, after the second quotation mark insert ", "SURPLUS LINES
3 INSURANCE""
- 4 Line 15, after "state" insert "OR WITH A DOMESTIC SURPLUS LINES INSURER"
- 5 Line 21, strike "POLICYHOLDER" insert "MINIMUM CAPITAL AND"
- 6 Line 24, strike "A QUALIFIED," insert "AN"
- 7 Line 27, strike "INSURE RISKS" insert "WRITE SURPLUS LINES INSURANCE"
- 8 Line 28, strike "FROM A SURPLUS LINES BROKER"
- 9 Line 29, after the period insert "A DOMESTIC SURPLUS LINES INSURER MAY WRITE
10 SURPLUS LINES INSURANCE IN ANY OTHER JURISDICTION IN WHICH THE INSURER IS
11 ELIGIBLE TO WRITE SURPLUS LINES INSURANCE IF THE DOMESTIC SURPLUS LINES
12 INSURER COMPLIES WITH ANY REQUIREMENTS OF THAT JURISDICTION."
- 13 Line 34, strike "DEFINED" insert "REFERENCED"
- 14 Line 44, strike "NONADMITTED" insert "SURPLUS LINES"
- 15 Page 3, line 12, strike "NONDOMESTIC"; after "INSURER" insert "THAT IS NOT A
16 DOMESTIC SURPLUS LINES INSURER"
- 17 Strike lines 36 through 45
- 18 Page 4, strike lines 1 through 30, insert:
19 "Sec. 4. Section 20-415, Arizona Revised Statutes, is amended to read:
20 20-415. Statement of surplus lines insurance business transacted
21 by broker; reporting periods; exception
22 A. Each surplus lines broker shall file with the director a statement
23 of all surplus lines insurance business covering Arizona risks transacted by

1 the broker during the period for which the statement is being filed. The
2 statement shall be on a form prescribed by the director and shall show:

- 3 1. Gross amount of each kind of insurance transacted.
- 4 2. Aggregate gross premiums charged.
- 5 3. Aggregate of return premiums paid to insureds.
- 6 4. Aggregate of net premiums.
- 7 5. Such additional information as may reasonably be required by the
8 director.

9 B. The statement required by subsection A of this section is due on or
10 before February 15 of each year for the preceding July through December and
11 on or before August 15 of each year for the preceding January through June
12 for business covering Arizona single-state risks, except that for multistate
13 transactions occurring on or before December 31, 2014, the statement shall be
14 due on or before the date specified in subsection D of this section.

15 C. If a clearinghouse is established, ~~AND~~ is in operation and if the
16 director enters into a multistate agreement or compact pursuant to section
17 20-416.01, each surplus lines broker shall file quarterly, with the
18 clearinghouse responsible for administering the compact or multistate
19 agreement, a notarized statement of all surplus lines insurance business
20 covering multistate risks transacted by the broker on behalf of insureds
21 whose home state is Arizona during the calendar quarter for which the
22 statement is being filed. The statement shall be on a form prescribed by the
23 clearinghouse and shall include all information required by the
24 clearinghouse. A facsimile of the original notarized statement may be
25 submitted in lieu of the original notarized statement. The broker shall
26 maintain the original notarized statement for a period of six years after the
27 calendar year in which the statement was filed.

28 D. The statement required by subsection C of this section is due on or
29 before February 15 for the quarter ending the preceding December 31, May 15
30 for the quarter ending the preceding March 31, August 15 for the quarter
31 ending the preceding June 30 and November 15 for the quarter ending the
32 preceding September 30.

1 E. A SURPLUS LINES BROKER IS NOT RESPONSIBLE FOR REPORTING ANY FEES OR
2 REMITTING ANY PREMIUM TAXES OR STAMPING FEES DUE ON FEES CHARGED BY AN
3 INSURANCE PRODUCER IN CONNECTION WITH THE TRANSACTION OF SURPLUS LINES
4 INSURANCE.

5 Sec. 5. Section 20-416.01, Arizona Revised Statutes, is amended to
6 read:

7 20-416.01. Collection and payment of tax on surplus lines:
8 multistate agreement

9 A. In accordance with the nonadmitted and reinsurance reform act of
10 2010, the director may enter into a compact or multistate agreement to
11 provide for the reporting, payment, collection and allocation of taxes
12 imposed pursuant to sections 20-401.07 and 20-416 on ~~unauthorized~~ surplus
13 lines insurance covering multistate risks if, after a hearing conducted
14 pursuant to section 20-161, it is determined that entering into a compact or
15 multistate agreement is in the best interests of this state. In determining
16 whether entering into a compact or multistate agreement is in the best
17 interests of this state, the following factors shall be considered:

- 18 1. The impact on the state's gross receipt of premium taxes, if any.
19 2. The regulatory burden and costs placed on insurance companies,
20 surplus lines brokers and insurance agents doing business in this state.
21 3. The cost impact on insureds resulting from any regulatory
22 requirements attributable to a compact or multistate agreement, if any.
23 4. Other factors as may be raised by the director or any other
24 interested party.

25 B. Taxes imposed pursuant to sections 20-401.07 and 20-416 on
26 unauthorized insurance covering Arizona single-state risks shall not be
27 covered by or payable through any compact or multistate agreement entered
28 into by the director pursuant to subsection A of this section.

29 C. If a clearinghouse is not established or otherwise in operation or
30 if the director does not enter into a multistate agreement or compact
31 pursuant to subsection A of this section, any statements and taxes otherwise
32 payable to a clearinghouse pursuant to this article shall be filed with the

House Amendments to H.B. 2149

1 director or with a voluntary domestic organization of surplus lines brokers
2 with which the director has contracted to accept reports pursuant to section
3 20-167.

4 D. The director may adopt reasonable rules to effectuate any provision
5 of the nonadmitted and reinsurance reform act of 2010 (15 United States Code
6 section 8201)."

7 Renumber to conform

8 Page 5, line 18, strike "or" insert a comma; after "ocean-marine" insert "OR
9 SURPLUS LINES"

10 Line 25, after "reinsurers" insert a period strike remainder of line

11 Strike lines 26 and 27

12 Amend title to conform

KAREN FANN

2149FANN
01/25/2016
4:58 PM
C: MJH

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON _____ INSURANCE _____ BILL NO. HB 2149

DATE February 3, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Coleman		X			
Mr. Larkin	X	X			
Mr. Lovas		X			
Ms. McCune Davis		X			
Ms. Otondo		X			
Mr. Robson		X			
Mr. Livingston, Vice-Chairman		X			
Ms. Fann, Chairman		X			
		8	0	0	0

APPROVED:

Karen Fann, Chairman

KAREN FANN, Chairman

DAVID LIVINGSTON, Vice-Chairman

Adam N...

COMMITTEE SECRETARY

ATTACHMENT 6



HOUSE OF REPRESENTATIVES

HB 2240

workers' compensation; modifications
Prime Sponsor: Representative Fann, LD 1

X Committee on Insurance

Caucus and COW

House Engrossed

OVERVIEW

HB 2240 authorizes the change of an administrative law judge as a matter of right and sets the designation of a vexatious litigant.

PROVISIONS

Administrative Law Judge Change

1. Entitles any interested party regarding a hearing for a worker's compensation claim to one administrative law judge change as a matter of right by filing a notice of change.
2. Specifies the notice of change must:
 - a. Be signed by the interested party or the party's authorized agent.
 - b. State the name of the administrative law judge to be changed.
 - c. Certify that the interested party has timely filed the notice of change.
 - i. The notice is timely if filed not more than 30 days after the date of the notice of hearing or not more than 30 days after the new administrative law judge is assigned to the claim if another interested party has filed a notice of change as a matter of right.
 - d. Certify that the interested party has not previously been granted a change for the claim.
3. Clarifies any interested party may file an affidavit that sets forth any of the grounds for an administrative law judge change for cause against a presiding administrative law judge.
4. States an affidavit for an administrative law judge change must be filed with the same time frames as a notice of change.
5. Asserts the employer and the employer's insurance carrier are considered a single party unless the employer's and the employer's insurance company's interest are in conflict.

Vexatious Litigants

6. Authorizes the chief administrative law judge to designate a pro se litigant a vexatious litigant, on the motion of a party in a worker's compensation case.
7. Requires the pro se litigant to respond within 30 days after the motion.
8. Directs the chief administrative law judge to issue an order within 30 days after the pro se litigant's response is received or the time for response has elapsed.
9. Prohibits a vexatious litigant from filing a new request for hearing, pleading, or motion without prior leave of the administrative law judge.
10. Suspends the designation of vexatious litigant during the time the litigant is represented by legal counsel.

11. Stipulates that a pro se litigant is a vexatious litigant if the commission finds the litigant has engaged in vexatious conduct.
12. Defines *vexatious conduct*.

Payment of Interest on Awards

13. Requires interest on the payment of benefits be paid at 10% or at the rate that is equal to 1% plus the prime rate as published by the Board of Governors of the Federal Reserve System, whichever is less.
14. Outlines the instances for when the interest is paid.

Miscellaneous

15. Makes technical and conforming changes.

CURRENT LAW

Pursuant to A.R.S. § 23-941, any interested party to a hearing regarding a worker's compensation claim may file an affidavit for change of administrative law judge against any hearing officer of the commission hearing such matter setting forth any of the grounds for the change. An administrative law judge must immediately transfer the matter to another officer of the commission. Statute limits one change to one party.

The grounds which may be alleged for an administrative law judge change are:

1. The judge has been engaged as counsel in the hearing prior to appointment.
2. The judge is otherwise interested in the hearing.
3. The judge is of kin or otherwise related to a party to the hearing.
4. The judge is a material witness in the hearing.
5. The party filing the affidavit has cause to believe that on account of the bias, prejudice, or interest of the judge a fair and impartial hearing cannot be obtained.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2240
(Reference to printed bill)

1 Page 3, line 28, after "THE" insert "CHIEF ADMINISTRATIVE LAW JUDGE OR THE
2 ADMINISTRATIVE LAW JUDGE DESIGNATED BY THE CHIEF"; after the period insert:
3 "C."

4 Line 29, after the first "LITIGANT" insert ":

5 1. APPLIES ONLY TO THE CLAIM AT ISSUE BEFORE THE CHIEF ADMINISTRATIVE
6 LAW JUDGE OR THE ADMINISTRATIVE LAW JUDGE DESIGNATED BY THE CHIEF
7 ADMINISTRATIVE LAW JUDGE.

8 2."

9 Reletter to conform

10 Page 4, between lines 17 and 18, insert:

11 "Sec. 3. Section 23-1044, Arizona Revised Statutes, is amended to
12 read:

13 23-1044. Compensation for partial disability; computation

14 A. For temporary partial disability there shall be paid during the
15 period thereof sixty-six and two-thirds ~~per cent~~ PERCENT of the difference
16 between the wages earned before the injury and the wages which THAT the
17 injured person is able to earn thereafter. Unemployment benefits received
18 during the period of temporary partial disability ~~and fifty per cent of~~
19 ~~retirement and pension benefits received from the insured or self-insured~~
20 ~~employer during the period of temporary partial disability~~ shall be
21 considered wages able to be earned.

22 B. Disability shall be deemed permanent partial disability if caused
23 by any of the following specified injuries, and compensation of fifty-five

1 ~~per-cent~~ PERCENT of the average monthly wage of the injured employee, in
2 addition to the compensation for temporary total disability, shall be paid
3 for the period given in the following schedule:

4 1. For the loss of a thumb, fifteen months.

5 2. For the loss of a first finger, commonly called the index finger,
6 nine months.

7 3. For the loss of a second finger, seven months.

8 4. For the loss of a third finger, five months.

9 5. For the loss of the fourth finger, commonly called the little
10 finger, four months.

11 6. The loss of a distal or second phalange of the thumb or the distal
12 or third phalange of the first, second, third or fourth finger, shall be
13 considered equal to the loss of one-half of the thumb or finger, and
14 compensation shall be one-half of the amount specified for the loss of the
15 entire thumb or finger.

16 7. The loss of more than one phalange of the thumb or finger shall be
17 considered as the loss of the entire finger or thumb, but in no event shall
18 the amount received for more than one finger exceed the amount provided for
19 the loss of a hand.

20 8. For the loss of a great toe, seven months.

21 9. For the loss of a toe other than the great toe, two and one-half
22 months.

23 10. The loss of the first phalange of any toe shall be considered equal
24 to the loss of one-half of the toe and compensation shall be one-half of the
25 amount for one toe.

26 11. The loss of more than one phalange shall be considered as the loss
27 of the entire toe.

28 12. For the loss of a major hand, fifty months, or of a minor hand,
29 forty months.

30 13. For the loss of a major arm, sixty months, or of a minor arm, fifty
31 months.

32 14. For the loss of a foot, forty months.

- 1 15. For the loss of a leg, fifty months.
- 2 16. For the loss of an eye by enucleation, thirty months.
- 3 17. For the permanent and complete loss of sight in one eye without
- 4 enucleation, twenty-five months.
- 5 18. For permanent and complete loss of hearing in one ear, twenty
- 6 months.
- 7 19. For permanent and complete loss of hearing in both ears, sixty
- 8 months.
- 9 20. The permanent and complete loss of the use of a finger, toe, arm,
- 10 hand, foot or leg may be deemed the same as the loss of any such member by
- 11 separation.
- 12 21. For the partial loss of use of a finger, toe, arm, hand, foot or
- 13 leg, or partial loss of sight or hearing, fifty ~~per-cent~~ PERCENT of the
- 14 average monthly wage during that proportion of the number of months in the
- 15 foregoing schedule provided for the complete loss of use of such member, or
- 16 complete loss of sight or hearing, which the partial loss of use thereof
- 17 bears to the total loss of use of such member or total loss of sight or
- 18 hearing. ~~In~~ FOR THE PURPOSES OF this paragraph, "loss of use" means a loss
- 19 of physical function of the affected member, sight or hearing. The effect on
- 20 an employee's ability to return to the employee's occupation at the time of
- 21 the injury shall not be considered in establishing the percentage of loss
- 22 under this section, except that if the employee is unable to return to the
- 23 work the employee was performing at the time the employee was injured due to
- 24 the total or partial loss of use, compensation pursuant to this section shall
- 25 be calculated based on seventy-five ~~per-cent~~ PERCENT of the average monthly
- 26 wage.
- 27 22. For permanent disfigurement about the head or face, ~~which shall~~
- 28 include INCLUDING injury to or loss of teeth, the commission may, ~~in~~
- 29 ~~accordance with the provisions of~~ PURSUANT TO section 23-1047, MAY allow such
- 30 sum for compensation thereof as it deems just, in accordance with the proof
- 31 submitted, for a period of not ~~to exceed~~ MORE THAN eighteen months.

1 C. In cases not enumerated in subsection B of this section, if the
2 injury causes permanent partial disability for work, the employee shall
3 receive during such disability compensation equal to fifty-five ~~per-cent~~
4 PERCENT of the difference between the employee's average monthly wages before
5 the accident and the amount ~~which~~ THAT represents the employee's reduced
6 monthly earning capacity resulting from the disability, but the payment shall
7 not continue after the disability ends, or the death of the injured employee,
8 and in case the partial disability begins after a period of total disability,
9 the period of total disability shall be deducted from the total period of
10 compensation.

11 D. In determining the amount ~~which~~ THAT represents the reduced monthly
12 earning capacity for the purposes of subsections A and C of this section,
13 consideration shall be given, among other things, to any previous disability,
14 the occupational history of the injured employee, the nature and extent of
15 the physical disability, the type of work the injured employee is able to
16 perform ~~subsequent to~~ AFTER the injury, any wages received for work performed
17 ~~subsequent to~~ AFTER the injury and the age of the employee at the time of
18 injury. If the employee is unable to return to work or continue working in
19 any employment after the injury due to the employee's termination from
20 employment for reasons that are unrelated to the industrial injury, the
21 commission may consider the wages that the employee could have earned from
22 that employment as representative of the employee's earning capacity. A
23 determination of earning capacity that is based on wages that could have been
24 earned from previously terminated employment is subject to change under
25 subsection F of this section and an employee retains the right to later
26 establish that the employee's reduced earning capacity is related in whole or
27 in part to the industrial injury.

28 E. In case there is a previous disability, as the loss of one eye, one
29 hand, one foot or otherwise, the percentage of disability for a subsequent
30 injury shall be determined by computing the percentage of the entire
31 disability and deducting therefrom the percentage of the previous disability
32 as it existed at the time of the subsequent injury.

1 F. For the purposes of subsection C of this section, the commission,
2 in accordance with the provisions of section 23-1047 when the physical
3 condition of the injured employee becomes stationary, shall determine the
4 amount ~~which~~ THAT represents the reduced monthly earning capacity and ~~upon~~ ON
5 such determination make an award of compensation ~~which shall be~~ THAT IS
6 subject to change in any of the following events:

7 1. ~~Upon~~ ON a showing of a change in the physical condition of the
8 employee ~~subsequent to~~ AFTER such findings and award arising out of the
9 injury resulting in the reduction or increase of the employee's earning
10 capacity.

11 2. ~~Upon~~ ON a showing of a reduction in the earning capacity of the
12 employee arising out of such injury where there is no change in the
13 employee's physical condition, ~~subsequent to~~ AFTER the findings and award.

14 3. ~~Upon~~ ON a showing that the employee's earning capacity has
15 increased ~~subsequent to~~ AFTER such findings and award.

16 G. The commission may adopt a schedule for rating loss of earning
17 capacity and reasonable and proper rules to carry out ~~the provisions of~~ this
18 section. In all cases involving this section, except for cases under
19 subsection B of this section, or in cases involving a request pursuant to
20 section 23-1061, subsection J for disability compensation, if any issue is
21 raised regarding whether the injured employee has suffered a loss of earning
22 capacity because of an inability to obtain or retain suitable work, the
23 following apply:

24 1. The employer or carrier may present evidence showing that the
25 inability to obtain suitable work is due, in whole or in part, to economic or
26 business conditions, or other factors unrelated to the industrial
27 injury. The injured employee may present evidence showing that the inability
28 to obtain suitable work is due, in whole or in part, to the industrial injury
29 or limitations resulting from the injury. The administrative law judge shall
30 consider all such evidence in determining whether and to what extent the
31 injured employee has sustained any loss of earning capacity.

1 2. In cases involving loss of employment, the employer or carrier may
2 present evidence showing that the injured employee was terminated from
3 employment or has not obtained suitable work, or both, due, in whole or in
4 part, to economic or business conditions, or other factors unrelated to the
5 injury. The injured employee may present evidence showing that such
6 termination or inability to obtain suitable work is due, in whole or in part,
7 to the industrial injury or limitations resulting from the injury. The
8 administrative law judge shall consider all such evidence in determining
9 whether and to what extent the injured employee has sustained any loss or
10 additional loss of earning capacity.

11 H. Any single injury or disability that is listed in subsection B of
12 this section and that is not converted into an injury or disability
13 compensated under subsection C of this section by operation of this section
14 shall be treated as scheduled under subsection B of this section regardless
15 of its actual effect on the injured employee's earning capacity.

16 Sec. 4. Section 23-1062, Arizona Revised Statutes, is amended to read:

17 23-1062. Medical, surgical, hospital benefits; translation
18 services; commencement of compensation; method of
19 compensation

20 A. Promptly, on notice to the employer, every injured employee shall
21 receive medical, surgical and hospital benefits or other treatment, nursing,
22 medicine, surgical supplies, crutches and other apparatus, including
23 artificial members, reasonably required at the time of the injury, and during
24 the period of disability. Such benefits shall be termed "medical, surgical
25 and hospital benefits."

26 B. MEDICAL, SURGICAL AND HOSPITAL BENEFITS INCLUDE TRANSLATION
27 SERVICES, IF NEEDED. A CARRIER, SELF-INSURANCE POOL OR EMPLOYER THAT DOES
28 NOT DIRECT CARE PURSUANT TO SECTION 23-1070 MAY CHOOSE THE TRANSLATOR IF THE
29 TRANSLATOR IS CERTIFIED BY AN OUTSIDE AGENCY AND IS NOT AN EMPLOYEE OF THE
30 CARRIER, SELF-INSURANCE POOL OR EMPLOYER. IF THE CARRIER, SELF-INSURANCE POOL
31 OR EMPLOYER IS UNABLE TO LOCATE A CERTIFIED TRANSLATOR FOR THE PARTICULAR

House Amendments to H.B. 2240

1 LANGUAGE OR DIALECT NEEDED, THE PARTIES MAY AGREE ON A TRANSLATOR WHO IS NOT
2 A CERTIFIED TRANSLATOR.

3 ~~B.~~ C. The first installment of compensation is to be paid no later
4 than the twenty-first day after written notification by the commission to the
5 carrier of the filing of a claim ~~except where~~ UNLESS the right to
6 compensation is denied. Thereafter, compensation shall be paid at least once
7 each two weeks during the period of temporary total disability and at least
8 monthly thereafter. Compensation shall not be paid for the first seven days
9 after the injury. If the incapacity extends beyond the period of seven days,
10 compensation shall begin on the eighth day after the injury, but if the
11 disability continues for one week beyond such seven days, compensation shall
12 be computed from the date of the injury.

13 ~~C.~~ D. Compensation shall be made by negotiable instrument, payable
14 immediately on demand or, at the election of the employee and if offered by
15 the employer or carrier, by another commonly accepted method for transferring
16 money by banking institutions, including electronic fund transfers to the
17 employee's account or a prepaid debit card account that is established for
18 the purpose of making direct electronic payment to the employee."

19 Renumber to conform

20 Amend title to conform

KAREN FANN

2240 kf
02/02/2016
08:37 AM
C: LD

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON INSURANCE BILL NO. HB 2240

DATE February 3, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Coleman		X			
Mr. Larkin		X			
Mr. Lovas		X			
Ms. McCune Davis	X	X			
Ms. Otondo		X			
Mr. Robson		X			
Mr. Livingston, Vice-Chairman		X			
Ms. Fann, Chairman		X			
		8	0	0	0

APPROVED:



KAREN FANN, Chairman

DAVID LIVINGSTON, Vice-Chairman



COMMITTEE SECRETARY

ATTACHMENT 9



HOUSE OF REPRESENTATIVES

HB2306

healthcare providers; family members; coverage

Prime Sponsor: Representative Cobb, LD 5

X Committee on Insurance

Caucus and COW

House Engrossed

OVERVIEW

HB 2306 asserts coverage for health care services must be provided regardless of a familial relationship with a health care provider.

PROVISIONS

1. Requires all contracts, or any evidence of coverage, issued, delivered or renewed by a corporation, or health care services organization, to provide coverage for health care services that are provided by a health care provider regardless of the familial relationship of the health care provider and the subscriber, or enrollee, if the health care service would be covered were it provided to a person who is not related to the health care provider.
2. Requires all policies issued, delivered or renewed by a disability insurer, or group or blanket disability insurer, to provide coverage for health care services that are provided by a health care provider regardless of the familial relationship of the health care provider to the insured if the health care services would be covered were it provided to an insured who is not related to the health care provider.
3. Allows the contract, evidence of coverage, or policy to limit the coverage to those health care providers who are members of the network.

CURRENT LAW

Title 20 defines *health insurance coverage* as a health care plan or arrangement that pays for or furnishes medical or health services and that is issued by a disability insurer, group disability insurer, blanket disability insurer, health care services organization, hospital service corporation, medical service corporation, medical, hospital, dental and optometric service corporation or a similar entity in another state.

Laws 2013, Chapter 70, requires all contracts, evidence of coverage, or policies issued, delivered or renewed by a health care service organization, disability insurer, or group or blanket disability insurer, to provide coverage for health care services that are provided through telemedicine if the health care service would be covered were it provided through in-person consultation between the health care provider and the person receiving coverage. Additionally, states the contract, evidence of coverage, or policy may limit the coverage to those health care providers who are members of the network.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2306

(Reference to printed bill)

- 1 Page 1, line 5, after "RENEWED" insert "ON OR AFTER JULY 1, 2017"
- 2 Line 6, after "FOR" insert "LAWFUL"
- 3 Line 15, after "RENEWED" insert "ON OR AFTER JULY 1, 2017"
- 4 Line 16, after "FOR" insert "LAWFUL"
- 5 Line 26, after "RENEWED" insert "ON OR AFTER JULY 1, 2017"
- 6 Line 27, after "FOR" insert "LAWFUL"
- 7 Line 37, after "RENEWED" insert "ON OR AFTER JULY 1, 2017"
- 8 Line 38, after "FOR" insert "LAWFUL"
- 9 Amend title to conform

KAREN FANN

2306FANN
02/01/2016
05:35 PM
H: pb/ajh

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON INSURANCE BILL NO. HB 2306

DATE February 3, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Coleman		X			
Mr. Larkin		X			
Mr. Lovas		X			
Ms. McCune Davis		X			
Ms. Otondo		X			
Mr. Robson		X			
Mr. Livingston, Vice-Chairman		X			
Ms. Fann, Chairman		X			
		8	0	0	0

APPROVED:

Karen Fann, Chairman
KAREN FANN, Chairman
DAVID LIVINGSTON, Vice-Chairman

Committee Secretary
COMMITTEE SECRETARY

ATTACHMENT 12



HOUSE OF REPRESENTATIVES

HB 2342

insurance; licensed entities

Prime Sponsor: Representative Livingston, LD 22

X Committee on Insurance

Caucus and COW

House Engrossed

OVERVIEW

HB 2342 requires an insurance producer to update any changes in the licensee's email address.

PROVISIONS

1. Requires an insurance producer to inform the director of the Department of Insurance (Director) of any change in the licensee's e-mail address within 30 days.
2. Modifies the definition of *adjuster*.
3. Modifies the definition of *vendor* regarding portable electronics insurance.

CURRENT LAW

A.R.S. § 20-286 directs the Director to issue a resident insurance producer license to a person who meets the requirements for licensure. An insurance producer may obtain a license to sell one or more types of insurance or lines of authority: Life, Accident and Disability, Property and Casualty (Commercial or Personal), Variable Annuity Products, Credit, or any other line of insurance authorized by the Director. Statute outlines the contents of the license which includes the licensee's name, address, and identification number, date of issuance, and lines of authority. A licensee is required to inform the Director of any change in residential or business address.

An *adjuster* is defined as a person who adjusts, investigates or negotiates settlement of claims arising under property and casualty contracts on behalf of the insurer or the insured for a fee or commission. In order to qualify for licensure a person must: be at least 18 years old; be a resident of this state, or of another state that allows resident of this state to act as adjusters in that state; pass an examination. Statute does not require an adjuster who is licensed in their domicile state to be licensed or meet statutory qualifications of this state provided the adjuster is sent to this state on behalf of an insurer for the purpose of investigating or making adjustment of a particular loss under an insurance policy resulting from a catastrophe common to all those losses.

Fifty-second Legislature
Second Regular Session

Insurance
H.B. 2342

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2342

(Reference to printed Bill)

- 1 Page 2, strike lines 5 through 46
- 2 Page 3, strike lines 1 through 4
- 3 Renumber to conform
- 4 Amend title to conform

DAVID LIVINGSTON

2342LIVINGSTON2
02/01/2016
03:00 PM
H: pb/ajh

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON INSURANCE BILL NO. HB 2342

DATE February 3, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Coleman		X			
Mr. Larkin		X			
Mr. Lovas		X			
Ms. McCune Davis		X			
Ms. Otondo		X			
Mr. Robson		X			
Mr. Livingston, Vice-Chairman		X			
Ms. Fann, Chairman		X			
		8	0	0	0

APPROVED:

Karen Fann, Chairman

KAREN FANN, Chairman
DAVID LIVINGSTON, Vice-Chairman

Committee Secretary

COMMITTEE SECRETARY

ATTACHMENT 15



HOUSE OF REPRESENTATIVES

HB 2500

unlawful practices; auto glass repair

Prime Sponsor: Representative Livingston, et al., LD 22

X Committee on Insurance

Caucus and COW

House Engrossed

OVERVIEW

HB 2500 adds additional unlawful practices of auto glass repair.

PROVISIONS

1. Applies current unlawful practices regarding auto glass repair to an auto glass repair or replacement facility or any agent, contractor, vendor, representative or anyone acting on behalf of the person or facility.
2. Includes the following as unlawful practices relating to auto glass repair:
 - a. Represent to a policyholder what auto glass coverage is available under the insurance policy.
 - b. Threaten, coerce or intimidate an insured for the purpose of inducing the insured to file a claim for auto glass repair or replacement.
 - c. Induce an insured to file an auto glass repair or replacement claim if the damage to the auto glass is insufficient to warrant auto glass repair.
 - d. Waive or offer to waive the insured's deductible or offer anything of value to any person in exchange for either a referral of an insured to the auto glass repair facility in connection with an auto glass repair or replacement claim under an insurance policy or to induce the insured to file an auto glass repair or replacement claim under an insurance policy.
 - e. Represent verbally, electronically, including an advertisement or website or any marketing materials, that a claim for a windshield repair or replacement under an insurance policy is free.
 - f. Perform auto glass repair or replacement services without obtaining a transaction privilege tax license.
 - g. Perform work without providing a written estimate to the insured before the work begins that includes:
 - i. A statement whether the person agrees to accept the insurer's rate for parts, kits and labor.
 - ii. The actual rate that will be charged for that work and the difference between that rate and the insurer's rate.
 - iii. A statement that the insured may be financially responsible to pay the difference between the actual rate that will be charged and the insurer's rate.
 - iv. The signature of the insured.
 - v. The business's transaction privilege tax license number.
 - h. Perform auto glass repair or replacement services under the insurance policy without first obtaining the insured's and insurer's approval.

- i. Transpose or duplicate an insured's signature onto a document that is required to authorize the repair or replacement of auto glass, other than for record retention purposes.
 - j. Bill the insurer for more than the repair or replacement cost agreed on with the insured, a third party administrator, or an agent representing the insurer for the written estimate.
3. Stipulates that if the person performing the repair or replacement fails to provide a statement to the insured stating financial responsibility for any difference in cost, the insured or the insurer is not responsible for payment of any amounts in excess of the repair or replacement estimate not expressly authorized.
4. Declares it is unlawful for a person who sells or repairs and replaces auto glass to fail to make the vehicle available for inspection at the request of the insurer before performing auto glass services on the vehicle.

CURRENT LAW

Laws 2010, Chapter 180, establishes an unlawful practices relating to auto glass repair which includes submitting a false claim, falsify certain information, misrepresent the cost of repairs, add to the damage or encourage the policyholder to add to the damage of auto glass repair, and perform work clearly beyond the work necessary to repair or replace the auto glass.

A person who commits an unlawful practice with the intent to injure, defraud, or deceive an insurer is guilty of a class 6 felony which holds a presumptive penalty of 1 year.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON INSURANCE BILL NO. HB 2500

DATE February 3, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Coleman		X			
Mr. Larkin		X			
Mr. Lovas		X			
Ms. McCune Davis		X			
Ms. Otondo		X			
Mr. Robson		X			
Mr. Livingston, Vice-Chairman		X			
Ms. Fann, Chairman		X			
		8	0	0	0

APPROVED:

Karen Fann Chairman
KAREN FANN, Chairman
DAVID LIVINGSTON, Vice-Chairman

Andrew Hest
COMMITTEE SECRETARY

ATTACHMENT 17

ARIZONA STATE LEGISLATURE
Fifty-second Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON INSURANCE

CHAIRMAN: Karen Fann VICE-CHAIRMAN: David Livingston

DATE	02/03 /16	/16	/16	/16	/16
CONVENED	10:02 A.M.	m	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	12:08 P.M.				
MEMBERS					
Mr. Coleman	X				
Mr. Larkin	X				
Mr. Lovas	X				
Ms. McCune Davis	X				
Ms. Otondo	X				
Mr. Robson	X				
Mr. Livingston, Vice-Chairman	X				
Ms. Fann, Chairman	X				

√ Present --- Absent exc Excused